

ACHIEVING

to be Montana's

OUR

insurance carrier of choice and

MISSION

industry leader in service

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MONTANA

1997 Strategic Business Plan

July 1, 1996-June 30, 1997



Montana State Compensation Insurance Fund



About the State Fund

The Montana Workers' Compensation Act requires all employers in Montana who have employees in service to carry workers' compensation insurance. The Department of Labor regulates the workers' compensation industry in Montana. Three plans exist for coverage: Plan I—Self Insured; Plan II—Private Insurance Companies; or Plan III—State Compensation Insurance Fund (State Fund).

The State Fund is a nonprofit public corporation. The Board of Directors consists of five members appointed by the governor and sets policy and provides oversight to the fund.

The State Fund guarantees the availability of workers' compensation coverage for all employers in Montana. Montana law requires the State Fund to insure any employer in the state who requests coverage, except those in default of a prior payment to the fund. Consequently, the State Fund provides coverage for employers engaged in high risk industries or who have experienced high losses.

Under the workers' compensation laws of Montana, the State Fund is liable for payment of benefits to employees for injuries arising out of and in the course of employment, or in the case of death or injury, to the beneficiaries.

The *New Fund* was established on July 1, 1990. Premium payments from this fund are used to pay *New Fund* benefits to workers injured after July 1, 1990. The State Fund also administers *Old Fund* claims, those that occurred prior to July 1, 1990. *Old Fund* benefits are paid through an "Old Fund Liability Tax" collected by the Department of Revenue.

If you have questions about workers' compensation insurance or the State Fund, please call a Customer Service Representative at 1-800-332-6102 or 406-444-6500.

Introduction

The State Fund FY97 Strategic Business Plan continues to build on the major issues of *Quality Customer Service* and *Resource Management*. Our strategic initiatives will guide us toward achieving our mission to be Montana's insurance carrier of choice and industry leader in service.

The *Quality Customer Service* issue covers goals relating to account services, customer relations and communications, claim management, and fraud detection and prevention. The employees of the State Fund continue their commitment to provide exceptional service for policyholders.

The *Resource Management* issue includes human resources, technology, finance, and business environment. Goals here address the need to continue our financial and technological improvements—helping us improve our customer service efforts. The need to hire, train, and retain skilled staff is also a key part of the Resource Management issue. In addition, during the 1997 legislative session we will address the business environment in which we operate. We hope to establish State Fund as an insurer managed with the assistance of employers—increasing the responsibility of employers and limiting the role as well as the potential for liability of the state.

As a nonprofit state fund, we are in a unique position to deliver superior service at a low cost, consistent with sound insurance principles. Our FY97 Strategic Business Plan is evidence of the organizational courage required to deliver the kind of insurance services Montana employers asked for and deserve.

Because *the* CUSTOMER

.....

Because the customer
has a *need*,
we have a job to do.

•

Because the customer
has a choice,
we must be the *better choice*.

•

Because the customer
has sensibilities,
we must be *considerate*.

•

Because the customer
has an urgency,
we must be *quick*.

•

Because the customer
is unique,
we must be *flexible*.

•

Because the customer
has high expectations,
we must *excel*.

•

Because the customer
has *influence*,
we have the hope of
more customers.

•

Because of the customer,
we have the opportunity to
provide quality service!

Quality Customer Service

Quality customer service is the cornerstone of the State Fund. Our employees work diligently to provide first-rate service in a professional and courteous manner.

Employee involvement continues to be important as goals are developed to provide quality customer service. Our employees determined the State Fund provides exceptional service when:

Customers experience **RESPONSIVE** service and receive information in a timely manner;

Employees are **HONEST** with customers and **RESPECT** their needs; and

Customers are able to interact with **KNOWLEDGEABLE, ACCESSIBLE** employees.

Policyholders appreciate the extra effort of State Fund employees. The 1996 Customer Satisfaction Survey reported 90% of respondents were very satisfied or satisfied with the State Fund.

To continue to provide quality customer service, goals and actions plans were developed for the 1997 Strategic Business Plan. These can be found in the sections marked Account Services, Communications, Claim Management and Fraud.

Issue: Quality Customer Service

Long Term Goals:

1. Achieve and maintain 85% overall customer service satisfaction.
2. Achieve and maintain NCCI premium rate ranking of 20 or better.

Interim and Short Term Goals:

(the Work Plan that supports these goals begins on page 13)

Account Services

page no.

Organize Underwriting and Customer Service responsibilities to promote efficient, quality customer service. Create a fully functional underwriting department and provide personal on-site visits to new and large policyholders.	14
• Organize Underwriting Department functions and responsibilities to deliver responsive, basic underwriting services.	15
• Improve target account retention and improve new business writings.	17
• Improve account profitability/equity through effective, customer service oriented premium audit procedures.	18
• Assist selected accounts with effective loss control services.	20

Customer Relations and Communications

Provide prompt telephone response to customer inquiries with efficient, courteous service. Develop communication channels with policyholders and claimants that provide responsive, effective flow of information. Develop customer oriented forms and written material.	21
• Provide customers with prompt, accurate information.	22
• Continue to provide effective and ongoing policyholder and claimant communications and activities.	23
• Develop publications procedures manual and complete an inventory of all publications.	24

Claim Management

Effectively manage and promptly investigate lost time claims with a focus on early return to work. Immediately contact claimants and policyholders following claim assignment and reduce indemnity claim reporting time and maximize the performance of MCOs and PPOs. Streamline first report of injury process.	25
• Promptly pay medical bills.	26
• Reduce average temporary total wage loss days and maximize use of MCOs and PPOs.	27
• Achieve 24-hour contact with claimant and policyholder on lost time and serious medical only claims, after assignment to adjuster.	28
• Promptly pay compensation.	29
• Continue to encourage and educate employees/employers on the importance of prompt reporting of indemnity claims.	29

Fraud Program

Improve and maintain effective fraud prevention and detection program.	31
• Increase information sources for referral development.	31
• Develop misdemeanor or deferred prosecution convictions for smaller cases.	32
• Continue review of suspected claim fraud.	33
• Target premium fraud and specific employer groups.	33
• Continue development of provider fraud referrals.	34
• Enhance criminal and civil fraud coordination.	34

Resource Management

We understand that effective **resource management** is vital to the success of the State Fund and recognize that our financial strength is important to our customers and all Montanans. Our resources—financial assets, employees and technology—must be healthy to ensure our success.

The Resource Management section of the FY97 Strategic Business plan outlines goals for continued financial strength and includes goals that address our need to hire, train, and retain qualified people on staff. State Fund employees are a valuable resource.

Keeping up with technology is essential to State Fund operations. Our plan addresses implementation of systems that will reduce manual process, improve productivity, and continue to enhance overall customer service.

We believe the entire workers' compensation system would benefit, if employers should become stakeholders. Our plan addresses our desire to initiate legislative changes to increase employer responsibility and accountability.

Issue: Resource Management

Long Term Goals: Achieve and maintain a 40% surplus/premium ratio.
 Achieve and maintain 85% overall employee satisfaction.

Interim and Short Term Goals:

(the Work Plan that supports these goals begins on page 35)

Human Resources

page no.

Identify issues and create, monitor and modify actions to achieve optimal overall employee satisfaction.	36
• Identify and implement actions to improve employee satisfaction.	36
Implement, monitor, test and modify Human Resource Programs which include compensation, performance management, recruitment and selection, information management systems and training.	37
• Complete implementation of FY97 compensation program and develop FY98 compensation plan.	38
• Develop and implement enhanced recruitment and selection program.	39
• Evaluate and revise employee exit processing program.	39
• Evaluate and enhance training program.	40
• Provide general human relations training.	41
• Evaluate and revise Performance Planning and Review Program (PPRP).	42
• Develop an internal <i>Human Resources Program Guide and Operations Manual</i>	43
• Develop a fully operational Human Resource Information System (HRIS).	44
• Provide underwriting and loss control training programs.	45

Technology

Strengthen MIS management resources and improve MIS systems, project planning, programming processes, and knowledge of key technology issues. Establish disaster recovery plans to ensure continued operation in a disaster situation. Install a fully functional, automated accounting system and develop the ability of policyholders that use commercial payroll services to use automated payroll reporting. Install operations systems, that improve efficiency, effectiveness and resources.	46
• Ensure systems availability and reliability through strengthened management of resources.	47
• Improve MIS project planning and programming processes.	48
• Create a "White Paper" on key technology issues to set the direction for future technological development.	49
• Evaluate implementation of BIS.	49
• Continue development of AMPS and PAALS.	50
• Implement electronic data interchange systems to improve the processing time of provider payments and payroll reporting.	50
• Automate accounting procedures to streamline work flows and improve management reports to present more timely and informative financial reports.	51
• Review communication needs and determine cost effective alternatives that will improve customer communications.	52

Finance

Realize cost savings through increased subrogation recoveries, evaluations of internal controls, and internal audit recommendations. Identify and manage allocated loss adjustment costs. Inform voters regarding the passage of investment in equity securities ballot initiative. Realize cost savings through successful fraud investigation and prosecution.	53
• Increase financial recoveries.	54
• Perform adequate operational and compliance auditing procedures to ensure internal controls are in place and operating effectively in multiple department exposure areas.	55
• Perform adequate financial compliance auditing procedures to ensure internal controls are in place and operating effectively over multiple department functions. Test transactions to ensure appropriate payments were made and maximum financial recoveries were achieved.	57
• Establish plan to track and assess value of allocated claim adjustment expenses to provide greater control over future costs and create appropriate management reports.	58
• Develop program to inform the public of November 1996, general ballot initiative that allows a portion of State Fund assets to be invested in equity securities. Currently, 100% of assets are invested in fixed income securities (government and corporate bonds) subject to market fluctuations. This would allow diversification of invested assets and improve long term rate of return on investments.	59

Business Environment

Transition into a more competitive, entrepreneurial organization transferring the role of state government in the insurance business to the employers of the state through a self-supporting, employer managed insurance entity. This will ensure there is incentive with employers to control costs through improved safety, loss prevention, and managed care systems.	60
• Draft legislation to address privatization options and develop a plan based on legislative direction.	60
• Draft legislation for issues, other than privatization, that are relevant to operations.	62

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Financial Projection Summary

1997 Strategic Business Plan

Financial Projection Summary

Financial Progress

Strategic initiatives in the last three years resulted in a positive financial picture for the State Fund. On June 30, 1995, the State Fund surplus was \$69.6 million with a premium to surplus ratio of 2.2 to 1. The State Fund Board of Directors approved an 18% rate decrease during fiscal year 1996. In fiscal year 1997, the board approved an additional 18.8% premium decrease.

Current projections indicate the State Fund surplus will be over \$200 million by current fiscal year-end. The Board will review options to address the increased surplus. One option includes declaring a dividend [section 39-71-2316(8) MCA] to reduce the outstanding Old Fund liability.

Financial Projections

We have incorporated certain assumptions into our financial projections for the next 3 to 5 years.

Financial Assumptions New Fund

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Premium Rate Change	-18.00%	-18.80%	0.00%	0.00%	0.00%	0.00%
Payroll Growth			2.50%	2.50%	2.50%	2.50%
Investment Rate of Return	6.75%	6.25%	6.25%	6.25%	6.25%	6.25%
Indemnity Loss Cost Inflation			2.00%	2.00%	2.00%	2.00%
Medical Loss Cost Inflation			2.50%	2.50%	2.50%	2.50%
Reserve Discount Rate	5.75%	5.50%	5.25%	5.00%	5.00%	5.00%
Adjustment in Prior Years'						
Ultimate Loss Estimates	(\$132,000,000)	\$0	\$0	\$0	\$0	\$0
Agent Commission Rate			3.00%	4.00%	5.00%	5.00%

We also assume that the existing legislative and policy framework will remain essentially unchanged. Any significant changes in benefits, employment, or type of coverage provided could change these projections, and annual claim volumes and average duration of claims remain relatively constant.

In addition, risks inherent in the projections for unforeseen factors include;

- General economic conditions
- Future adjustments to ultimate claim cost estimates
- Changes in return on investments
- Major catastrophic events

Projected Results of Operations New Fund

Income Statement

	Actual						
	1995	1996	1997	1998	1999	2000	2001
Premium Income	\$152,839	\$114,943	\$90,515	\$92,778	\$95,097	\$97,474	\$99,911
Investment & Other Income	24,203	33,132	33,961	33,030	31,932	33,809	35,787
Claim Expenses (including reserve adjustments)	93,819	(9,803)	91,407	94,078	96,935	94,941	97,393
Loss Adjustment Expenses (including reserve adjustments)	6,520	6,912	7,175	8,029	8,206	8,387	8,573
Operating Expenses (GAAP)	12,910	7,309	7,601	9,744	11,203	12,174	12,710
Net Income	\$63,793	\$143,657	\$18,293	\$13,957	\$10,685	\$15,781	\$17,022

Surplus Estimate at June 30

	\$69,597	\$213,254	\$231,547	\$245,504	\$256,189	\$271,970	\$288,992
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Premium to Surplus Ratio (X : 1)	2.20	0.54	0.39	0.38	0.37	0.36	0.35
Fiscal Year Loss Ratio	61.38%	-8.53%	100.99%	101.40%	101.93%	97.40%	97.48%
Fiscal Year Loss Adjustment Expense Ratio	4.27%	6.01%	7.93%	8.65%	8.63%	8.60%	8.58%
Underwriting Expense Ratio	8.45%	6.36%	8.40%	10.50%	11.78%	12.49%	12.72%

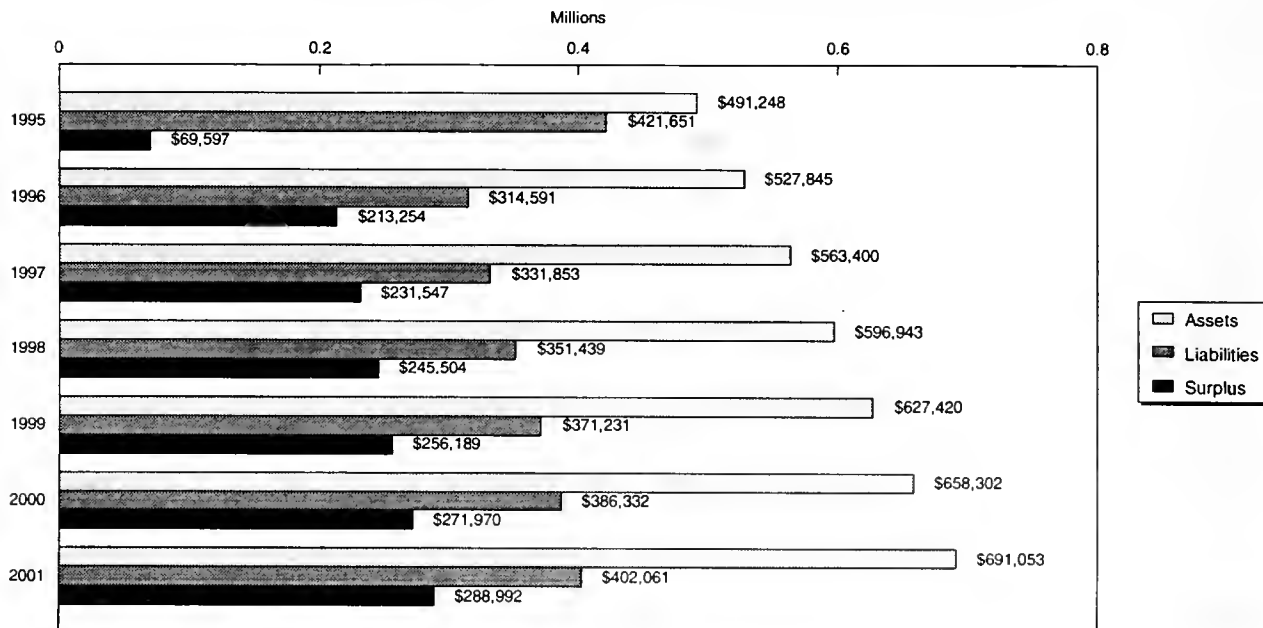
Balance Sheet

Total Assets	\$491,248	\$527,845	\$563,400	\$596,943	\$627,420	\$658,302	\$691,053
Unpaid Losses	\$360,657	\$277,460	\$296,024	\$315,912	\$335,951	\$351,269	\$367,007
Unpaid Loss Adjustment Expenses	35,180	33,065	31,763	31,461	31,214	30,997	30,988
Other Liabilities	25,814	4,066	4,066	4,066	4,066	4,066	4,066
Total Liabilities	\$421,651	\$314,591	\$331,853	\$351,439	\$371,231	\$386,332	\$402,061
Capital	\$11,584	\$11,584	\$11,584	\$11,584	\$11,584	\$11,584	\$11,584
Retained Earnings	58,013	201,670	219,963	233,920	244,605	260,386	277,408
Total Surplus	\$69,597	\$213,254	\$231,547	\$245,504	\$256,189	\$271,970	\$288,992
Total Liabilities & Surplus	\$491,248	\$527,845	\$563,400	\$596,943	\$627,420	\$658,302	\$691,053

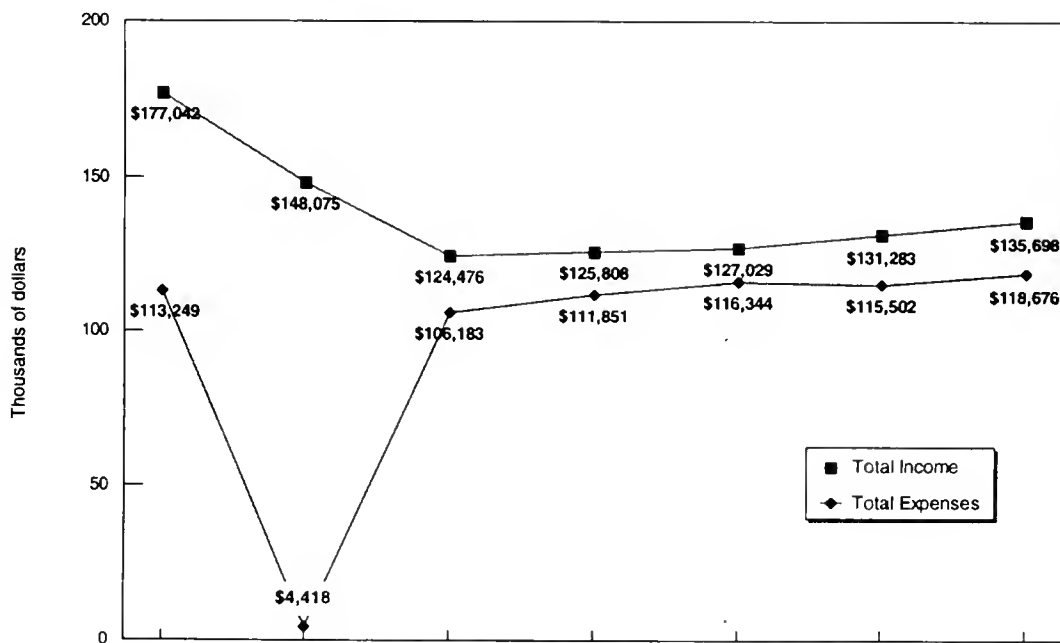
Estimates provided by Milliman & Robertson, Consultants.

6/19/96

Summary of Assets, Liabilities, and Surplus



Revenues and Expenses



	1995	1996	1997	1998	1999	2000	2001
Premium	\$152,839	\$114,943	\$90,515	\$92,778	\$95,097	\$97,474	\$99,911
Investment Income	24,203	33,132	33,961	33,030	31,932	33,809	35,787
Total Income	\$177,042	\$148,075	\$124,476	\$125,808	\$127,029	\$131,283	\$135,698
Losses Incurred	93,819	(9,803)	91,407	94,078	96,935	94,941	97,393
LAE Incurred	6,520	6,912	7,175	8,029	8,206	8,387	8,573
Underwriting	12,910	7,309	7,601	9,744	11,203	12,174	12,710
Total Expenses	\$113,249	\$4,418	\$106,183	\$111,851	\$116,344	\$115,502	\$118,676

NOTE: the decrease in expenses in 1996 is due to the large decrease in estimated ultimate loss costs as indicated in the Financial Assumptions page included. Without this adjustment, total expenses for fiscal year 1996 would have been approximately \$105,000,000.

6/19/96

Quality Customer Service

Work Plan

**1997
Strategic Business Plan**

Account Services

The purpose of **underwriting and policy services** is to arrange for workers' compensation insurance coverage and answer customer questions. We work to establish a fair price based on individual business characteristics and coordinate other services to minimize long term premium costs.

Our goal is to provide customers with superior quality account services. During this fiscal year we will focus on expanding staff duties so the number of contacts required to answer your questions and make the necessary changes to your insurance policy is reduced. We will also build the basic foundation for a full service underwriting department. Our departmental reorganization emphasizes the delivery of differentiated products and services to meet your varied and changing needs. It embraces the concept of fair share pricing. We reward customers with a demonstrated commitment to safe work practices and encourage others to develop such programs. Our success means customer satisfaction and lower cost for you.

Loss control means preventing injuries and minimizing their impact when they do occur. We form a partnership with customers to implement cost-effective solutions to help reduce workers' compensation losses. We help minimize exposure to losses which can lower insurance costs—helping companies become more profitable. We work closely with both internal and external customers to provide the safest workplace possible. Our goal is to protect human lives and business investments.

A **premium audit** is a process which involves the examination of business operations, records, and books of account to determine the actual insurance premium due, based on actual operations, payroll and exposures to loss related to the coverage period. Premium audits are normal in the workers' compensation industry and are used as a tool to ensure that operations are properly classified and all policyholders pay appropriate premiums. One goal of the premium audit is to establish rate equity—policyholders pay no more, no less than required to cover exposures. Our Premium Audit Department can also assist customers properly set up their books and records for premium audit purposes.

The Underwriting, Loss Control and Premium Audit Departments work closely to achieve Strategic Business Plan goals and meet customer needs with quality account services.

Interim (2-3 year) Goal	I. Organize Underwriting and Customer Service responsibilities to promote efficient, quality customer service. Create a fully functional underwriting department and provide personal on-site visits to new and large policyholders.	
	Current Performance	<ul style="list-style-type: none"> established Large Account Unit for customers with >\$15,000 in premium and began development of trained cross department teams to service these policyholders '96 CSS results indicate that 94% of Customer Satisfaction Survey respondents are Very Satisfied or Satisfied with overall Policy Services.
	Performance Goal	<ul style="list-style-type: none"> retain 80% of targeted accounts 97% of CSS respondents say they are Very Satisfied or Satisfied with policyholder services
	Completed by	6/30/98
	Responsibility	VP Underwriting in cooperation with all VPs

Short Term (1 year) Goal	A. Organize Underwriting Department functions and responsibilities to deliver responsive, basic underwriting services.			
	Current Performance	<ul style="list-style-type: none"> established Large Account Unit that is staffed to provide a higher level of service to policyholders with >\$15,000 in premium cross-department teams were assigned accounts assigned loss control staff to accounts that needed services 		
	Performance Goal	<ul style="list-style-type: none"> individually underwrite all accounts with premium >\$15,000 (906 accounts) target 50 accounts for specialized service 		
	Completed by	6/30/97		
	Responsibility	VP's Underwriting, Loss Control, Claims		
Action		Results	Comp by	Responsibility
1. Determine 5 key service performance standard benchmarks.		improved customer service	8/96	VP Underwriting
2. Implement standards and incorporate into performance evaluations for underwriting staff.		staff accountability to improve service	9/96	VP Underwriting
3. Establish a Task Force to analyze and recommend any needed legislative changes for the 97 session.		enhanced customer satisfaction resulting in improved retention and new business opportunities	9/96	VPs Underwriting, Legal
4. Improve supply, availability, and access to forms and forms review process.		improved efficiency	10/96	VP Underwriting, Director CR/C
5. Identify measures to encourage timely reporting of payroll. Report to President on findings.		reduced cancellation, lower expenses	11/96	VP Underwriting
6. Re-evaluate staff position levels to compress functions into 1 or more combined levels and implement essential changes in position responsibilities.		improved efficiency	12/96	VP Underwriting, Director CR/C

Action	Results	Comp by	Responsibility
A. <i>continued</i> 7. Supervisory sampling of at least 10% of all underwriting files for accounts >\$15,000 in premium and at least 50 files of accounts <\$15,000 to determine quality of work. Take corrective action on files that need improvement.	improved quality	3/97	VP Underwriting
8. Obtain any necessary legislative action to allow use of independent agents.	enhanced customer satisfaction resulting in improved retention and increased new business opportunities	4/97	VPs Underwriting, Legal
9. Based on legislative outcome, determine feasibility and establish necessary rulemaking changes for Board approval of possible future dividend payment, if privatization occurs.	enhanced customer satisfaction resulting in improved retention and increased new business opportunities	5/97	VPs Underwriting, Finance, Legal
10. Revise current employer pamphlets into one Underwriting pamphlet or package.	improved communications	4/97	VP Underwriting, Director CR/C
11. If agents are approved, recruit agency program manager, select agents and prepare implementation plan effective 7/1/97.	enhanced customer satisfaction resulting in improved retention and increased new business opportunities	4/97	VPs Underwriting, Finance
12. Evaluate feasibility of direct deposit and credit card payments for premium payments.	improved customer service	6/97	VPs Underwriting, Finance
13. Develop new procedural manual.	improved service and employee team performance	1/2 of manual complete by 6/97	VP Underwriting

Short Term (1 year) Goal	B. Improve <i>target account</i> retention and improve new business writings.			
	Current Performance	<ul style="list-style-type: none"> 73% premium retention for accounts >\$50,000 in premium. Of 245 accounts renewed 7/1/95, 178 remain insured. Only three new accounts >\$50,000 in premium written during FY96. 		
	Performance Goal	<ul style="list-style-type: none"> Achieve 85% retention for all policies with >\$50,000 in premium. Write \$400,000 in new accounts with >\$50,000 in premium. 		
	Completed by	6/30/97		
	Responsibility	VPs Underwriting, Loss Control/Premium Audit, Claim, Legal		
Action		Results	Comp by	Responsibility
1. Expand cross-department teams and conduct a minimum of 4 team training sessions.		well-trained teams, improved service for target accounts	quarterly	VPs Underwriting, LC/PA, Claim, Legal, Director CR/C
2. Assign underwriting staff to assume leadership responsibility of Cross Department Teams and coordinate activities.		improve team coordination and performance	7/96	VP Underwriting
3. Determine feasibility to provide target accounts with a "profile" of the Large Account Unit staff.		more personalized service	12/96	VP Underwriting
4. Develop a database from "Team Call Report" to identify common themes or customer needs.		improved customer service	12/96	VP Underwriting
5. Review lost account exit interview log (see Communications C.5.) quarterly and take corrective action where warranted to prevent accounts from leaving.		improved account retention	1/97	VP Underwriting
6. Underwriting staff visit, a minimum of 24 accounts with <\$15,000 in premium.		improved customer service and understanding of customer needs	6/97	VP Underwriting

Action	Results	Comp by	Responsibility
<i>B. continued</i> 7. Large Account Unit will visit at least 25 accounts assigned to the Cross Department Teams.	improved customer service and understanding of customer needs	6/97	VPs Underwriting, LC/PA, Claim
8. Large Account Unit to solicit a minimum of 50 lost accounts and write 10% or 5 with a total premium of at least \$400,000.	increase new business writings	6/97	VPs Underwriting, LC/PA, Claim

Short Term (1 year) Goal	C. Improve account profitability/equity through effective, customer service oriented premium audit procedures.			
	Current Performance	a. 100% of new accounts in targeted industries with >\$15,000 in annual premium (construction, trucking, employee leasing, and manufacturing) were visited in FY96, approximately 18% of policies were audited in FY96 b. manual closeout process and tracking system c. 166 Customer Service Reviews were received for approximately 3,100 audits completed in the first three quarters of FY96 (5.3%) d. '96 CSS results indicate that 89% of respondents are Very Satisfied or Satisfied with overall Premium Audit services.		
	Performance Goal	a. increase audit penetration to 24% of current policies b. automated processing that offers customer service oriented format c. reduced audit issues, such as Customer Service Reviews (CSRs), and improved customer education and satisfaction: - reduce percentage of CSRs by 10% to 4.8%, resulting in approximately 288 CSRs out of the anticipated 6,000 audits to be completed in FY97 d. 93% of CSS respondents say they are Very Satisfied or Satisfied with overall Premium Audit services		
	Completed by	6/30/97		
	Responsibility	VP Loss Control/Premium Audit (LC/PA), VP Finance, Customer Relations & Communications Director		
Action		Results	Comp by	Responsibility
1. Determine steps in current premium audit closure process and identify areas where internal processing and customer relations can be improved.		expedite audit final billing process, improved customer service, processing changes identified for PAALS	8/96	VPs LC/PA & Finance, and Director CR/C

Action	Results	Comp by	Responsibility
<p><i>C. continued</i></p> <p>2. Develop prompt, customer-friendly audit closure form/bill to be ready for PAALS implementation.</p>	<p>assist customer in understanding the premium audit function and audit results, to reduce audit-related Customer Service Reviews; 80% of audits billed within 21 days of audit completion date</p>	<p>6/97</p>	<p>VPs LC/PA & Finance, Director CR/C</p>
<p>3. Conduct Customer Service visits on all new accounts with estimated annual premium >\$10,000.</p>	<p>assist in establishing the proper classification codes within 90 days of policy inception date and reduce issues occurring after policy expiration</p>	<p>6/97</p>	<p>VP LC/PA</p>

Short Term (1 year) Goal	D. Assist selected accounts with effective loss control services.			
	Current Performance	<ul style="list-style-type: none"> as of April 1, 1996: loss ratio = 40.12% approximately a third of all customers with >\$15,000 in premium received on-site loss control services 		
	Performance Goal	<ul style="list-style-type: none"> reduce FY96 loss ratio of selected accounts by 10%. select account pool as of April 1, 1996, consisted of 224 accounts with losses and estimated year-to-date premium of \$6,963,646 and \$17,357,526, respectively. FY97 goal is to reduce account losses by 10%, which currently equates to approximately \$700,000. provide on-site loss control services to at least half of all customers with >\$15,000 in premium 		
	Completed by	6/30/97		
	Responsibility	VP Loss Control/Premium Audit		
Action		Results	Comp by	Responsibility
1. Identify approximately 250 accounts based on selection criteria as relating to severity rates, frequency rates, loss ratio, premium size, and industry type.		provide list to the President with criteria appropriately benchmarked	8/96	VP LC/PA
2. Establish or modify loss control management plans as needed.		identify, meet, and exceed customer needs in the loss control area	10/96	VP LC/PA
3. Provide quarterly progress reports to President.		monitor progress and modify loss control services as needed	10/31/96 1/31/97 4/30/97 7/31/97	VP LC/PA

Customer Relations and Communications

The **customer service unit** is the voice you hear when you call the State Fund. We can help you with most questions you may have about workers' compensation insurance.

We provide the claims initiating function, obtaining all pertinent information about the injury or occupational disease. We also educate our customers on the benefits of prompt reporting. We gather a great deal of information about each injury and develop statistical reports that are used by OSHA and the Department of Labor. Our loss control staff uses the information to evaluate safety issues and help policyholders create a safe workplace. The loss run report is also created from this statistical information.

Our goal is to provide first-rate customer **communications**. We are currently undergoing a review of all of our written material and forms—making them easier to read and complete. Community seminars and focus groups continue to be a major component of our customer communications. Providing customers with interesting, informative, and educational materials is a key communications function.

The following goals lead us to our mission of providing quality customer service.

Interim (2-3 year) Goal	II. Provide prompt telephone response to customer inquiries with efficient, courteous service. Develop communication channels with policyholders and claimants that provide responsive, effective flow of information. Develop customer oriented forms and written material.	
	Current Performance	'96 CSS results indicate that: <ul style="list-style-type: none"> a. 84% of CSS respondents are Very Satisfied or Satisfied with telephone etiquette and responsiveness to inquiries (12% had No Contact) b. 80% of Customer Satisfaction Survey respondents are Very Satisfied or Satisfied with CSU service (17% had No Contact) c. 53% of CSS respondents say they Strongly Agree or Agree that the <i>Pilot</i> is informative and interesting (42% are Neutral) d. 65% of CSS respondents Strongly Agree or Agree that written material is easy to read and forms easy to complete (21% are Neutral) e. 77% of CSS respondents Strongly Agree or Agree that seminars are informative and useful (17% are Neutral)
	Performance Goal	<ul style="list-style-type: none"> a. 95% of CSS respondents are Very Satisfied or Satisfied with telephone etiquette and responsiveness to inquiries b. 90% of CSS respondents say they are Very Satisfied or Satisfied with CSU service c. 75% of CSS respondents Strongly Agree or Agree that the <i>Pilot</i> is informative and interesting d. 80% of CSS respondents Strongly Agree or Agree that written material is easy to read and forms easy to complete e. 85% of CSS respondents Strongly Agree or Agree that seminars are informative and useful
	Completed by	6/30/98
	Responsibility	Director Customer Relations/Communications in cooperation with all Vice Presidents

Short Term (1 year) Goal	A. Provide customers with prompt, accurate information.	
	Current Performance	a. call wait benchmark is a new project b. Customer Service Unit (CSU) handles inquiries on 60% of incoming calls c. '96 CSS results indicate that 80% of respondents are Very Satisfied or Satisfied with CSU service (17% had No Contact) d. First Reporting and Customer Service are 2 separate units
	Performance Goal	a. improve call wait benchmark by 50% b. CSU handles inquiries on 70% of incoming calls c. 85% of Customer Satisfaction Survey respondents say they are Very Satisfied or Satisfied with CSU service d. merge functions of First Reporting and Customer Service Units
	Completed by	a. 11/30/96 b. 6/30/97 c. 6/30/97
	Responsibility	Director Customer Relations/Communications (CR/C)

Action	Results	Comp by	Responsibility
1. Cross train staff.	17 fully trained customer service representatives that handle all first reports and incoming calls, improved customer service	9/96	Director CR/C
2. CSU representatives attend <i>Call Management</i> training.	reduced call wait and improved customer service	9/96	Director CR/C
3. Train CSU representatives on classification and rating system and develop quote form.	provide immediate class code rate quotes to customers via phone	9/96	Director CR/C Underwriting VP
4. Develop notepad function on computer screen to survey incoming calls and determine issues and affected department.	tool for proactive responses and tracking system	10/96	VP MIS, Director CR/C

Action	Results	Comp by	Responsibility
A. <i>continued</i> 5. Monitor and evaluate, on a monthly basis, overall customer service and CSU representatives' performance.	quality control, identify training needs, ensure consistency in responses	ongoing	Director CR/C
6. Conduct, 1 day per month, <i>A Day in the Life of a Claim</i> tours for policyholders, medical providers, employees and other interested parties.	involved and informed customers	first tours 11/96, ongoing	Director CR/C

Short Term (1 year) Goal	B. Continue to provide effective and ongoing policyholder and claimant communications and activities.			
	Current Performance	'96 CSS results indicate that : a. 53% of CSS respondents Strongly Agree or Agree that the <i>Pilot</i> is informative and interesting (42% are neutral) b. 65% of CSS respondents Strongly Agree or Agree that written material is easy to read and forms easy to complete (21% are Neutral) c. 77% of CSS respondents Strongly Agree or Agree that seminars are informative and useful (17% are Neutral)		
	Performance Goal	a. 65% of CSS respondents Strongly Agree or Agree that the <i>Pilot</i> is informative and interesting b. 75% of CSS respondents Strongly Agree or Agree that written material is easy to read and forms easy to complete c. 80% of CSS respondents Strongly Agree or Agree that seminars are informative and useful		
	Completed by	4/30/97		
	Responsibility	All VPs, Director Customer Relations/Communications		
	Action	Results	Comp by	Responsibility
	1. Conduct community seminars each fall in 8 key markets.	direct contact with customers to inform them of issues	12/96	Executive Assistant to the President, Director CR/C all VPs
	2. Develop communications plan to inform policyholders of critical claim activity and present to President.	establish plan for implementation resulting in informed customers	1/97	VP Claim

Action	Results	Comp by	Responsibility
<i>B. continued</i> 3. Conduct three policyholder focus group meetings to assess service satisfaction and create action plan to address customers needs.	a tool that management can use to make improvements	4/97 action plan by 5/97	Director CR/C
4. Continue to publish semi-annual policyholder newsletter (<i>Pilot</i>) to address critical issues and changes.	improved policyholder awareness and satisfaction	6/97	Director CR/C
5. Conduct post cancellation interviews, within 3 months of cancellation, with all voluntary canceled policyholders with premium > \$5,000, create log, and submit quarterly summary reports to VPs and President	improved service through identified weaknesses	ongoing	Director CR/C

Short Term (1 year) Goal	C. Develop publications procedures manual and complete an inventory of all publications.			
	Current Performance	<ul style="list-style-type: none"> process is not clearly defined procedures are outdated incomplete inventory 		
	Performance Goal	<ul style="list-style-type: none"> procedures manual completed and processes implemented inventory complete 		
	Completed by	4/30/97		
	Responsibility	Director of Customer Relations/Communications		
Action		Results	Comp by	Responsibility
1. Complete inventory of all publications including macro letters, forms, pamphlets, etc.		know what's there	8/96	Director CR/C
2. Create departmental publications lists.		each department knows their responsibility	9/96	Director CR/C
3. Develop procedures to be used by all departments.		consistency in procedures and products	9/96	Director CR/C

Claim Management

We are sincere in our efforts to control claim costs and assist injured employees in their recovery from an on the job accident. To accomplish this, our goals conform to the philosophy that building partnerships with policyholders, the injured employee, and the physician will result in the desired long term outcome to reduce costs, prevent fraud, and assist customers in taking control of their workers' compensation experience. We will concentrate on prompt, 24 hour contact, thorough investigations, immediately providing benefits to those entitled, develop medical cost containment programs, identify and prosecute fraudulent claims, and return injured employees to gainful employment. We believe this plan moves us closer to becoming *Montana's Insurance Carrier of Choice and Industry Leader in Service.*

Interim (2-3 year) Goal	III. Effectively manage and promptly investigate lost time claims with a focus on early return to work. Immediately contact claimants and policyholders following claim assignment and reduce indemnity claim reporting time and maximize the performance of MCOs and PPOs. Streamline first report of injury process.	
	Current Performance	a. 86% of medical bills are paid within 30 days b. 55% of eligible claimants are using MCOs c. MCO savings will be available Aug. 96 d. 75% of indemnity (lost time) claims are reported within 14 days e. 61 day avg. for FY 96 claims with 8 months development f. '96 CSS results indicate that 94% of CSS respondents are Very Satisfied or Satisfied with claim services
	Performance Goal	a. average of 95% of medical bills paid within 30 days b. 95% utilization of MCOs/PPOs of eligible claimants c. 20% cost savings on MCO/PPO files d. 85% of indemnity (lost time) claims reported within 14 days e. reduce average loss workdays by 20% f. 95% of CSS respondents are Very Satisfied or Satisfied with claim services
	Completed by	6/30/98
	Responsibility	VP Claim in cooperation with all VPs

Short Term (1 year) Goal	A. Promptly pay medical bills.			
	Current Performance	average of 86% paid within 30 days		
	Performance Goal	average of 90% paid within 30 days		
	Completed by	6/30/97		
	Responsibility	VP Claim		
	Action	Results	Comp by	Responsibility
	1. Measure and evaluate medical bill lag time.	up to date performance measures	ongoing	VP Claim
	2. Develop performance measurements for data entry.	document performance	9/96	VP Claim
	3. Implement electronic data interchange (EDI) pilot programs.	process payments electronically	12/96	VP MIS
	4. Develop "Proper Billing Procedures" education for providers.	billing completed properly	12/96	VP Claim
	5. Review current medical payment system that pays MCO directly and insure proper functionality and edits.	billing completed properly	1/97	VP Claim
	6. 50% of contract A's MCOs are handling all member billing.	more efficient work flow, saves time	1/97	VP Claim
	7. Re-evaluate work flow/imaging of medical bills.	more efficient work flow	6/97	VP Claim

Short Term (1 year) Goal	B. Reduce average temporary total wage loss days and maximize use of Managed Care and Preferred Provider Organizations.	
	Current Performance	a. average lost time days as of 2/29/96: FY93=205 days, FY94=166 days, FY95=122 days, FY96=61 days b. 55% of eligible claimants referred to MCOs
	Performance Goal	a. reduce FY96 to 110 avg days, and FY97 to 55 avg days b. 80% of eligible claims using MCOs
	Completed by	a. 3/1/97 b. 6/30/97
	Responsibility	VP Claim

Action	Results	Comp by	Responsibility
1. Develop early return to work procedures.	additional training	9/96	VP Claim
2. Provide additional Voc Rehab training.	benchmarks	9/96	VP Claim
3. Conduct LC/Claim/Legal workshops for: -back injuries -ergonomics -small business safety to educate policyholders on how to prevent injuries and control losses.	informed policyholders, improved customer relations	(10/96 Billings) (11/96 Butte) (11/96 Great Falls)	VPs LC/PA, Claim, Legal
4. Clearly define "eligible claimant."	prepare for benchmarks	8/96	VP Claim
5. Produce MCO statistics and measurements.	benchmarks	9/96	VP Claim
6. Educate and provide on-going training for policyholders through policyholder seminars, MCOs during quarterly meeting, adjusters with on-going training, and providers through quarterly newsletter.	proper, timely referrals	ongoing	VP Claim
7. Construct a team to determine feasibility of developing a State Government early return to work pool.	issues identifies	8/96	VP Claims

Action	Results	Comp by	Responsibility
<i>B. continued</i> 8. Develop plan and proposal for review by President and State Officials regarding #7 above.	developed plan	12/96	VP Claims
9. Produce average lost time statistics.	document performance	3/97	VP Claim

Short Term (1 year) Goal	C. Achieve 24 hour contact with claimant and policyholder on lost time and serious medical only claims, after assignment to adjuster.			
	Current Performance	a. 77% contact with employer and 66% contact with claimants on lost time claims as of April '96 b. Measuring 24 hour contact on serious medical only claims is a new goal and currently not measured		
	Performance Goal	As measured by quality control specialist. a. 85% with employer and 95% with claimant who is not working at time of assignment. b. Notification and information letter is sent to all claimants within 1 working day from date of assignment. c. 10% improvement from benchmark once established.		
	Completed by	6/30/97		
	Responsibility	VP Claim		
Action		Results	Comp by	Responsibility
1. Conduct quarterly random file review to measure compliance/performance and include in Board packet.		measure performance	ongoing	VP Claim
2. Establish guidelines for serious medical only claims and establish benchmark with report to President and included in Board packet.		measure performance	12/96	VP Claim
3. Provide continual training for adjusters on proper file documentation and initial contact procedures.		improved customer communication	ongoing	VP Claim

Short Term (1 year) Goal	D. Promptly pay compensation.			
	Current Performance	as of April 96, average of 14 days to process first compensation payment		
	Performance Goal	maintain 14 day average - excluding occupational diseases (ODs) and denials		
	Completed by	6/30/97		
	Responsibility	VP Claim		
Action		Results	Comp by	Responsibility
1. Measure performance each month.		regular tracking	On-going	VP Claim

Short Term (1 year) Goal	E. Continue to encourage and educate employees/employers about importance of prompt reporting of indemnity claims.			
	Current Performance	a. 75% within 14 days - indemnity claims only, excluding OD b. 1.6 day average from date of notice to file creation date. c. Creation date to adjuster assignment is a new target and not currently measured.		
	Performance Goal	a. 80% within 14 days - indemnity claims only, excluding OD b. 1 day average for creation of file from date of notice. c. 85% same day assignment to adjuster from file creation date.		
	Completed by	6/30/97		
	Responsibility	VPs Claim, Underwriting, Director Customer Relations/Communications		
Action		Results	Comp by	Responsibility
1. Evaluate the possibility of removing the signature requirement for employers who report claims by phone.		improve process	9/96	VPs Claim, Legal
2. Conduct classification system training for CSU and evaluate effectiveness of CSU in confirming class code assignments on injury reports. Monitor accuracy of CSU quarterly through sampling.		avoid step and have reports sent directly from CSU to Claim	10/96	Director CR/C, VP Underwriting

Action	Results	Comp by	Responsibility
<i>E. continued</i> 3. Establish process for CSU to alert Underwriting and Premium Audit Departments on classification discrepancies and splitting of payroll and insure process is included in the PAALS.	better information	11/96	Director CR/C, VP Underwriting
4. Survey policyholders, report to Claim VP and Director of Customer Relations, and implement methods to improve claims reporting process.	obtain customer feedback and increase efficiencies	12/96	Director CR/C
5. Provide scheduled credit/surcharge incentives.	improve reporting times	12/96	VP Underwriting

Fraud Program

In the **Fraud Unit** we evaluate, investigate, and refer potential claimant, premium, and provider fraud for criminal and civil prosecution. We are responsible for the recovery of unpaid premium, benefits determined to be fraudulently obtained, and the reduction of claim reserves where fraud has been discovered. The staff works directly with the Department of Justice on criminal prosecution; and by executive order, the State Fund is a criminal justice agency. In addition, the staff maintains effective fraud prevention and detection programs.

Interim (2-3 year) Goal	IV. Improve and maintain effective fraud prevention and detection program.	
	Current Performance	<ul style="list-style-type: none"> 225 investigations, 30 of which resulted in criminal investigations and possible prosecutions '96 CSS survey results indicate that 46% of respondents Strongly Agree or Agree that the unit has been effective in reducing workers' compensation fraud (41% are Neutral)
	Performance Goal	<ul style="list-style-type: none"> 250 Fraud tips resulting in investigations for FY97 75% of CSS respondents say they Strongly Agree or Agree that the unit has been effective in reducing workers' compensation fraud
	Completed by	6/30/98
	Responsibility	Fraud Coordinator

Short Term (1 year) Goal	A. Increase information sources for referral development.			
	Current Performance	during FY96, ± 210 investigations were started as a result of the fraud tips		
	Performance Goal	start 250 investigations		
	Completed by	6/30/97		
	Responsibility	Fraud Coordinator		
Action		Results	Comp by	Responsibility
1. Continue task force for semi-annual review of sample claims and underwriting files. Report to President.		training tool to improve fraud detection	11/96 5/97	Fraud Coordinator
2. Issue new poster and/or initiate newspaper advertisement.		increased number of tips	12/96	Fraud Coordinator, Director CR/C

Action	Results	Comp by	Responsibility
A. <i>continued</i> 3. Provide information session at law enforcement seminars and develop publications for law enforcement personnel.	increased number of tips and awareness of identifying signs of fraud	6/97	Fraud Coordinator, Director CR/C
4. Prepare timely press releases on fraud convictions, work closely with Department of Justice to develop strategy for media announcements.	timely acknowledgments and credit to the State Fund for effort	6/97	Fraud Coordinator, Director CR/C

Short Term (1 year) Goal	B. Develop misdemeanor or deferred prosecution convictions for smaller cases.			
	Current Performance	no small amounts pursued criminally		
	Performance Goal	10 misdemeanor or deferred prosecution convictions for FY97		
	Completed by	6/30/97		
	Responsibility	Fraud Coordinator		
Action		Results	Comp by	Responsibility
1. Identify 20 small cases where high probability of conviction exists.		more convictions	6/97	Fraud Coordinator

Short Term (1 year) Goal	C. Continue review of suspected claim fraud.			
	Current Performance	review 2.5% of claims annually 1% of claims investigated specifically for fraud 25% will result in savings/restitution		
	Performance Goal	100% of claims reviewed through BIS 3% of claims further reviewed 1%-1.5% investigated 25% will result in savings/restitution		
	Completed by	6/30/97		
	Responsibility	Fraud Coordinator		
Action		Results	Comp by	Responsibility
1. Implementation of BIS.		100% reviewed	7/96	VPs MIS, Claim
2. Re-establish data access to DOLI/ERD.		improved claim screening	10/96	Fraud Coordinator
3. Reduce Criminal Investigative Bureau (CIB) investigative time by 25%.		improved management of investigated claims	6/97	Fraud Coordinator

Short Term (1 year) Goal	D. Target premium fraud and specific employer groups.			
	Current Performance	1 target group reviewed and investigation completed		
	Performance Goal	target 2 or more groups		
	Completed by	6/30/97		
	Responsibility	Fraud Coordinator		
Action		Results	Comp by	Responsibility
1. Implement and complete target program.		specialized fraud detection	12/96	Fraud Coordinator
2. Identify, review and investigate possible fraud in non-profitable group(s).		knowledge and possible increase in premium	6/97	Fraud Coordinator

Short Term (1 year) Goal	E. Continue development of provider fraud referrals.			
	Current Performance	3 investigations in FY96		
	Performance Goal	10 investigations for FY97		
	Completed by	6/30/97		
	Responsibility	Fraud Coordinator		
Action		Results	Comp by	Responsibility
1. Review and provide input to MIS for parameters for AMPS to generate fraud referrals.		more referrals	10/96	VPs MIS, Claim
2. Establish cooperation with CIB, Medicare fraud, State Auditor's fraud program, BC/BS.		improved fraud detection	6/97	Fraud Coordinator

Short Term (1 year) Goal	F. Enhance criminal and civil fraud coordination.			
	Current Performance	involvement as needed		
	Performance Goal	enhance communication		
	Completed by	6/30/97		
	Responsibility	VP Legal		
Action		Results	Comp by	Responsibility
1. Regular contact/meetings, as needed, regarding cases with civil and/or criminal prosecution issues. Issues to be considered: status, multiple jurisdictions, stays, release of Criminal Justice information for civil cases, claims management during investigations and/or criminal prosecution.		improved communication and claim management on fraud cases	ongoing	VP Legal, Fraud Coordinator

Resource Management

Work Plan

1997
Strategic Business Plan

Human Resources

The ability to attract, develop, and retain qualified, productive, and satisfied employees is critical to achievement of our mission. Recruitment and selection, compensation management, position classification, training and development, performance management, and labor/management relations are all **human resources** programs—designed to help provide a challenging and supportive, high performance environment. These programs enable all employees to contribute to achievement of their departmental objectives. The Human Resources departmental goals, as outlined in this year's Strategic Business Plan, are oriented toward refining existing and implementing new human resource programs that will support achievement of business-wide objectives.

Interim (2-3 year) Goal	I. Identify issues and create, monitor and modify actions to achieve optimal overall employee satisfaction.	
	Current Performance	first employee satisfaction survey conducted in 1995, with mean score of 2.66 reflecting overall satisfaction level slightly above a median score of 2.5 on a scale of 1 - 4. Follow-up survey conducted in 1996 (results to be determined)
	Performance Goal	overall mean score of 3.0 or greater
	Completed by	6/30/98
	Responsibility	VP Human Resources (HR)

Short Term (1 year) Goal	A. Identify and implement actions to improve employee satisfaction	
	Current Performance	to be determined by 1996 survey results
	Performance Goal	increase in overall employee satisfaction mean score reflective of difference between 1996 survey results (to be determined) and 3.0 interim performance goal
	Completed by	6/30/97
	Responsibility	VP Human Resources (HR)

Action	Results	Comp by	Responsibility
1. Focus group to identify issues to improve employee satisfaction (from 1996 survey results and other sources).	report to president with action plans recommending solutions to top issues identified in 1996 employee satisfaction survey	8/96	VP HR

Action	Results	Comp by	Responsibility
A. <i>continued</i> 2. Begin implementation of approved recommendations in FY96 report to President.	problem areas and resolutions identified/actions implemented to improve employee satisfaction	9/96	VP HR
3. Conduct mid-cycle evaluation of actions and report to president recommended modifications to original action plan.	ensure on-target and effective impact of actions	6/97	VP HR

Interim (2-3 year) Goal	II. Implement, monitor, test and modify Human Resource Programs which include compensation, performance management, recruitment and selection, information management systems, and training.	
	Current Performance	initial implementation of compensation, performance management and training programs, and automated information management system occurred in FY96.
	Performance Goal	create, fully implement, and refine human resource programs to ensure full and effective program performance to attract and retain qualified employees and achieve optimal employee satisfaction
	Completed by	6/30/98
	Responsibility	VP Human Resources (HR)

Short Term (1 year) Goal	A. Complete implementation of FY97 compensation program and develop FY98 compensation plan.			
	Current Performance	initial phases of compensation program implemented July 1995		
	Performance Goal	fully implemented compensation program		
	Completed By	6/30/97		
	Responsibility	VP HR		
	Action	Results	Comp by	Responsibility
	1. Develop salary survey plan and time lines.	accurate and timely plan to provide necessary data for development of compensation program and insure compliance with union contract provisions	8/96	VP HR
	2. Develop and award RFP or contract with consultant to conduct salary survey.	identify consultant and survey requirements	8/96	VP HR
	3. Implement performance component of compensation program.	completed full cycle of initial year of compensation program	9/96	VP HR
	4. Monitor salary survey contract execution and ensure completion.	accurate and timely contract administration	2/97	VP HR
	5. Complete compensation plan recommendations report to the president for revised pay matrix and any market-based position re-slotting.	appropriate and timely information for president for FY98 SBP and budget planning	3/97	VP HR

Short Term (1 year) Goal	B. Develop and implement enhanced recruitment and selection program.				
	Current Performance	reactive, manual, time consuming			
	Performance Goal	tailored, efficient program with improved effectiveness as measured by user rating of “satisfied” or greater			
	Completed By	6/30/97			
	Responsibility	VP Human Resources (HR)			
	Action		Results	Comp by	Responsibility
	1. Design new and revise existing employment application forms and process.		simpler with more position specific applications	9/96	VP HR
	2. Develop interview question library and database, explore use of automated support system.		reliable interview process that meets EEO requirements	11/96	VP HR
	3. Evaluate reference check process, explore use of automated support systems.		reliable and consistent reference checks that meet EEO regulations	12/96	VP HR
	4. Design and implement comprehensive recruitment and selection training program.		enhanced user expertise in making selection decisions	2/97	VP HR
	5. Create and implement survey instrument to solicit user feedback on program effectiveness.		user feedback on quality and satisfaction of program	3/97	VP HR

Short Term (1 year) Goal	C. Evaluate and revise employee exit processing program.			
	Current Performance	manual, outdated process		
	Performance Goal	efficient, streamlined exit processing program to insure accurate and timely turnover data		
	Completed by	3/31/97		
	Responsibility	VP Human Resources (HR)		
	Action	Results	Comp by	Responsibility
	1. Analyze current process, develop plan to revise.	accurate decision making information	9/96	VP HR

Action	Results	Comp by	Responsibility
<i>C. continued</i> 2. Complete revision process and documentation, including turnover reports to executive staff.	better data about employee turnover, semi-annual reports	12/96	VP HR
3. Solicit feedback from management.	measure satisfaction	3/97	VP HR

Short Term (1 year) Goal	D. Evaluate and enhance training program.			
	Current Performance	Training Plan implemented 6/96		
	Performance Goal	improved training plan as measured by employee and manager feedback		
	Completed by	6/30/97		
	Responsibility	VP Human Resources (HR)		
Action		Results	Comp by	Responsibility
1. Evaluate specific training events and activities.		input for evaluation process and basis for status reports to senior management and other users	ongoing	VP HR
2. Establish training and education Honor Roll.		recognize employees who achieve certification or participate in continuing education	8/96	VP HR
3. Refine tools to measure effectiveness and job satisfaction of employees/management.		accurate way to assess program effectiveness	12/96	VP HR
4. Develop and implement executive leadership program.		enhanced leadership skills	12/96	VP HR
5. Complete comprehensive, in-house management development program.		enhanced supervisory leadership and management skills	3/97	VP HR

Action	Results	Comp by	Responsibility
<i>D. continued</i> 6. Resurvey training needs and direction; create and implement feedback instrument.	validate current program or identify necessary changes	4/97	VP HR

Short Term (1 year) Goal	E. Provide general human relations training.			
	Current Performance	sporadic, short range, non-comprehensive training efforts		
	Performance Goal	80% “good” or greater rating on training feedback forms with a minimum of 8 sessions offered (note: a more complete list of training opportunities is in the annual Training Plan)		
	Completed by	6/30/97		
	Responsibility	VP Human Resources (HR)		
	Action	Results	Comp by	Responsibility
	1. Effective Time Management	improve time management skills	8/96	VP HR
	2. Dealing with Difficult People	improve communications skills and customer interface	8/96	VP HR
	3. Safety in the Workplace	improve workplace safety	12/96	VP HR
	4. Family Medical Leave Act (FMLA) Compliance	increase knowledge of FMLA regulations for employees and supervisors	12/96	VP HR
	5. Interest Based Problem Solving	improve problem solving and negotiation skills	12/97	VP HR
	6. Effective Business Communications	improve business writing and speaking	3/97	VP HR
	7. What You Need to Know About the Americans with Disabilities Act (ADA)	increase understanding of regulations for employer/employee compliance	3/97	VP HR

Action	Results	Comp by	Responsibility
<i>E. continued</i> 8. Effective Recruitment and Selection Techniques	enhance selection committee interviewing and selection skills	3/97	VP HR

Short Term (1 year) Goal	F. Evaluate and revise Performance Planning and Review Program (PPRP).			
	Current Performance	initial program implementation 7/95		
	Performance Goal	fully implemented, improved and simplified process that is responsive to user needs as measured by employee feedback of "satisfied" or greater		
	Completed by	6/30/97		
	Responsibility	VP Human Resources (HR)		
Action		Results	Comp by	Responsibility
1. Design and implement feedback instrument.		accurate data for evaluation of program	11/96	VP HR
2. Review and recommend to President revisions to PPRP forms.		simplified forms	3/97	VP HR
3. Review and update user's guides.		guide that reflects program enhancements	3/97	VP HR
4. Resurvey to measure improvements and employee satisfaction levels.		obtain data to measure satisfaction	5/97	VP HR

Short Term (1 year) Goal	G. Develop an internal Human Resources Program Guide and Operations Manual.			
	Current Performance	new project		
	Performance Goal	complete and accurate desk references for all HR programs to insure consistent program application and cross training among HR staff		
	Completed by	3/31/97		
	Responsibility	VP Human Resources (HR)		
Action		Results	Comp by	Responsibility
1. Identify contents.		plan for development of manual	8/96	VP HR
2. Assign areas of responsibility for contents.		HR staff will each have an area of responsibility, work is spread among staff	9/96	VP HR
3. Complete draft of resource manual.		working draft to review for accuracy and completeness	1/97	VP HR
4. Final, comprehensive resource manual.		a complete desk reference with program guidance and procedures	3/97	VP HR

Short Term (1 year) Goal	H. Fully operational Human Resource Information System (HRIS)			
	Current Performance	initial implementation 9/95		
	Performance Goal	maximize software capabilities and database use and administration as measured by satisfactory or greater feedback from users		
	Completed by	6/30/97		
	Responsibility	VP Human Resources (HR)		
Action		Results	Comp by	Responsibility
1. Complete vendor modifications to allow appropriate levels of security and access, load mods to system.		employee and supervisor access to appropriate HR data on-line	9/96	VP HR
2. Determine historical HR information needs, collect data, analyze and enter into HRIS.		plan for historical data gathering and collection for integration into HRIS database	9/96	VP HR
3. Integrate PPRP into on-line HRIS based on modifications developed by vendor.		employee and supervisor ability to input to PPRP on-line	12/96	VP HR
4. Develop and implement user training programs.		employees able to effectively use HRIS	1/97	VP HR
5. Establish HR based employee access work station for supervised access to and update of appropriate HR information.		improved employee access to information, more accurate data base, improved support to customers	1/96	VP HR
6. Develop and administer user survey.		measure user satisfaction	5/97	VP HR
7. Purchase annual system maintenance; implement system modifications and updates.		well maintained and current state-of-the-art system	6/97	VP HR

Short Term (1 year) Goal	I. Provide underwriting and loss control training programs.			
	Current Performance	<ul style="list-style-type: none"> inconsistent and/or ineffective training '96 CSS results indicate: <ul style="list-style-type: none"> 95% of respondents are Very Satisfied or Satisfied with loss control staff expertise 91% of respondents are Very Satisfied or Satisfied with premium audit expertise 		
	Performance Goal	<ul style="list-style-type: none"> 97% of respondents are Very Satisfied or Satisfied with loss control staff expertise 95% of respondents are Very Satisfied or Satisfied with premium audit expertise 		
	Completed by	6/30/97		
	Responsibility	VPs Underwriting, Loss Control/Premium Audit (LC/PA)		
Action		Results	Comp by	Responsibility
1. Conduct monthly underwriting department meetings and weekly management and unit meetings.		trained staff, improved internal communications	7/96	VP Underwriting
2. Develop and implement training schedule for all underwriting staff.		trained staff, improved internal communications	8/96 ongoing	VP Underwriting
3. Use vendors to provide information sessions on their products and services, i.e. Dunn & Bradstreet, minimum of 1 session.		improved understanding and use of vendor products	3/97	VP Underwriting
4. Determine feasibility to create an underwriter trainee position.		improved long term staff capabilities	5/97	VP Underwriting
5. Provide continued training (industrial hygiene, ergonomics, fleet safety, construction) for loss control staff through in-house training and outside trade associations.		enhance technical skills to provide better customer service	6/97 (training schedule TBA)	VP LC/PA

Technology

We are enhancing operations through **state-of-the-art technology**. Automated and electronic data interchange (EDI) systems will improve efficiency and ultimately save resources. Our Benefit Information System (BIS), Automated Medical Payments System (AMPS), and Premium Audit, Accounting, Loss Control System (PAALS) are major projects currently underway. These systems will provide more prompt and accurate processing of compensation and medical benefits and create improved management tools. Goals this year focus on strong management of our technology resource to ensure our ability to deliver consistent, quality service to both our internal and external customers.

Interim (2-3 year) Goal	III. Strengthen MIS management resources and improve MIS systems, project planning, programming processes, and knowledge of key technology issues. Establish disaster recovery plans to ensure continued operation of the State Fund in disaster situation. Install a fully functional, automated accounting system and develop the ability of policyholders that use commercial payroll services to use automated payroll reporting. Install operations systems that improve efficiency, effectiveness, and resources.	
	Current Performance	<ul style="list-style-type: none"> • project planning is short range only • systems resource and equipment management not well defined • using State systems (SBAS, personnel/payroll, check writing) with manual adjustments and manual accounting process • A/F staff inputs data for policyholders that submit manual Payroll Reports
	Performance Goal	<ul style="list-style-type: none"> • short and long range technology plans in place • key research identified with cost/benefit determined on key projects • high system availability • improve operations through system automation • fully automated General Ledger and Accounts Payable system specific to insurance accounting procedures • automatic interface of payroll data by class code, for those policyholders that use a commercial payroll service • AMPS and PAALS implemented
	Completed by	6/30/99
	Responsibility	VPs MIS, Administration and Finance, Underwriting, Claim

Short Term (1 year) Goal	A. Ensure systems availability and reliability through strengthened management of resources.			
	Current Performance	few formal procedures in place for the client/server environment		
	Performance Goal	provide stable environment with management processes and procedures that identify problems		
	Completed by	6/30/97		
	Responsibility	VP MIS, Finance and Administration		
Action		Results	Comp by	Responsibility
1. Evaluate, choose and install LAN management tools.		determine if tools or education are needed, choose and install	8/96	VP MIS
2. Create change control procedures for LAN, databases and application programs.		procedures in place and followed	8/96	VP MIS, Internal Auditor
3. Define and implement problem escalation and communication procedures.		roles defined, procedures defined and implemented	9/96	VP MIS
4. Create procedures for monitoring performance and capacity of LAN and databases.		monthly performance report, capacity and tuning of LAN and database	10/96	VP MIS
5. Create basic disaster recovery plans for the MIS environment. Schedule at least one paper test of the plan and refine based on findings.		plans for recovery of systems, hardware and operating environment that would allow continued business operations	11/96	VP MIS
6. Create disaster recovery plan for all other departments to ensure continued operation in the event of a disaster. (Related to item 5 above.)		plans for emergency staffing, location for operation and line of contact to ensure continued operation	3/97	VP Finance with assistance from VPs

Short Term (1 year) Goal	B. Improve MIS project planning and programming processes.			
	Current Performance	using project log for all planning		
	Performance Goal	improved internal customer planning where MIS resources are required		
	Completed by	6/30/97		
	Responsibility	VP MIS		
Action		Results	Comp by	Responsibility
1. Implement peer review in project process.		reviews conducted on all large projects—improved internal communication and education	8/96	VP MIS
2. Define and implement problem escalation and communication procedures.		roles defined, procedures defined and implemented	9/96	VP MIS
3. Formalize change control.		more stable programming environment—program changes coordinated with LAN and database administration	10/96	VP MIS, Internal Auditor
4. Implement status reporting process.		improved communications—monthly status reports to all departments showing activity, new work, plans for next month	10/96	VP MIS
5. Implement a long range staff and project planning process.		plans distributed internally showing staff/project plans with 6 month and 1 year horizons	12/96	VP MIS

Short Term (1 year) Goal	C. Create a "White Paper" on key technology issues to set the direction for future technological development.	
	Current Performance	no documents that identify strategic technology issues
	Performance Goal	Publish a "White Paper" that identifies key issues and how they may impact operations and decision making.
	Completed by	6/30/97
	Responsibility	VP MIS

Action	Results	Comp by	Responsibility
1. Assemble a list of topics.	list published and reviewed by executive staff	7/96	VP MIS
2. Research topics and publish.	tool to educate staff and improve decision making	12/96	VP MIS

Short Term (1 year) Goal	D. Evaluate implementation of BIS.	
	Current Performance	in the testing phase
	Performance Goal	ensure effective implementation of BIS
	Completed by	6/30/97
	Responsibility	VPs MIS, Claim

Action	Results	Comp by	Responsibility
1. Evaluate efficiency and effectiveness of BIS.	assess user satisfaction	6/97	VP Claim
2. Successful implementation of BIS II.	improved customer service and claim system	6/97	VPs Claim, MIS

Short Term (1 year) Goal	E. Continue development of AMPS and PAALS.				
	Current Performance	new projects, board approved 2/96			
	Performance Goal	effective implementation and use of AMPS and PAALS			
	Completed by	6/30/97			
	Responsibility	VPs MIS, Claim, Underwriting			
	Action		Results	Comp By	Responsibility
	1. Review prototype.		determine if there are any changes	10/96	VPs MIS, Claim, Underwriting
	2. Test system.		verify that systems meet needs	6/97	VPs MIS, Claim, Underwriting

Short Term (1 year) Goal	F. Implement electronic data interchange systems to improve the processing time of provider payments and payroll reporting.				
	Current Performance	not currently using EDI			
	Performance Goal	create an EDI system that can be used for MCOs, Pharmacy PPO, and payroll reporting			
	Completed by	6/30/97 (on or before AMPS comes on line)			
	Responsibility	VP MIS			
	Action		Results	Comp by	Responsibility
	1. Evaluate Pharmacy PPO pilot project.		determine when Pharmacy PPO comes on line	7/96	VPs Claim, MIS
	2. Develop pilot program with one MCO and determine if program can be expanded.		one MCO working	12/96	VP Claim
	3. Evaluate EDI for claim reporting by major policyholders and payroll reporting for policyholders that use a commercial payroll service.		electronic billing and payroll reports (recommendation to President)	12/96	VPs MIS, Director CR/C

Action	Results	Comp by	Responsibility
<i>F. continued</i> 4. Evaluate employer access to system.	recommendation to President	3/97	VP MIS
5. Evaluate vendor use of EDI.	recommendation to President	6/97	VPs MIS, Finance, Claim

Short Term (1 year) Goal	G. Automate accounting procedures to streamline work flows and improve management reports to present more timely and informative financial reports.			
	Current Performance	manual processes using staff resources		
	Performance Goal	improve operational efficiencies through automation, manual process are reduced to allow more time for analytical needs of operations		
	Completed by	1/31/97		
	Responsibility	VP Administration and Finance		
	Action	Results	Comp by	Responsibility
	1. Download SBAS to in-house database.	improved staff efficiency	4/97	VPs Finance, MIS
	2. Automate transfer of Department of Administration bad debt collection.	reduce manual processing, resource savings	5/97	VPs Finance, MIS
	3. Improve cash receipting process.	improve efficiencies resulting in resource savings and potential to reduce staff	6/97	VPs Finance, MIS

Short Term (1 year) Goal	H. Review telephone and electronic communication needs and determine cost effective alternatives to improve customer communication capability.			
	Current Performance	State systems communications, with no management reports to assess performance		
	Performance Goal	establish "state-of-the-art" electronic communications environment designed to meet business needs for the next five years		
	Completed By	2/28/97		
	Responsibility	VP Administration/Finance		
	Action	Results	Comp by	Responsibility
	1. Evaluate needs of each department.	determine needs of each	7/96	VP Finance
	2. Determine current system(s) capabilities.	identify limitations	8/96	VP Finance
	3. Determine viable alternatives and evaluate costs/benefits.	systems options	10/96	VP Finance
	4. Develop user friendly management reports that identify average length of call and calls lost-disconnected.	better tracking of calls	1/97	Director CR/C
	5. Create Communications Plan.	options and cost/benefits identified	2/97	VP Finance

Finance

We recognize that **financial stability** is very important to our customers. With financial stability comes stable premium rates and customers that are able to more accurately anticipate insurance costs.

Our Administration and Finance Department staff work hard to ensure financial strength. Budgetary analysis and monitoring, accurate accounting of all expenditures and revenues, update and reconciliation of policy and claim files, purchasing, mail processing, document imaging and indexing, and facility management are all functions of Administration and Finance. Our internal actuary provides rate and reserve analysis to support our consulting actuary. The department also provides financial projections based on historical financial results.

Goals to continue our financial success include improved subrogation recoveries, continued internal audit reviews to identify potential improvements, improved controls, and reviews of loss adjustment expenses to identify potential savings. We will also work to inform Montana voters of the general election ballot measure in November, 1996 that would allow the State Fund to invest a portion of assets in equity securities. Passage of the initiative would allow us to diversify investments (we are currently allowed to invest in fixed income securities only) and improve our return on investments over the long term.

Interim (2-3 year) Goal	IV. Realize cost savings through increased subrogation recoveries, evaluations of internal controls, and internal audit recommendations. Identify and manage allocated loss adjustment costs. Inform voters regarding the passage of investment in equity securities ballot initiative. Realize cost savings through successful fraud investigation and prosecution.	
	Current Performance	<ul style="list-style-type: none"> • 405 recovery efforts formally developed in FY96, new project • FY95 subrogation recovery = \$417,000 • FY96 subrogation recovery as of 3/31/96 = \$248,969 • overall claim error free payment rate beginning of FY96 = 96.5% • 100% of invested assets placed in fixed rate securities • return on fraud investment of 4:1
	Performance Goal	<ul style="list-style-type: none"> • return on internal audit and fraud investment of at least 3:1 • increase annual subrogation recoveries by 50% over FY96 • 96% of claim payments error free • portfolio diversity through investment of 10% of invested assets in equity securities
	Completed by	6/30/99
	Responsibility	Internal Auditor, VPs Claim, Underwriting, Administration/Finance, Fraud Coordinator

Short Term (1 year) Goal	A. Increase financial recoveries.			
	Current Performance	a. FY96 (as of 3-31-96) subrogation recoveries = \$248,969 and 405 recoveries = \$0 b. FY96 fraudulent claim recoveries = \$1,800,000 c. detected approximately \$170,000 in premium fraud in FY96 d. selected asset search ability and collection potential on account receivables		
	Performance Goal	a. increase annual subrogation recoveries by 50% over FY96 b. FY97 fraudulent claim recoveries= \$1,500,000 c. detect \$250,000 in premium fraud d. evaluate potential to increase quality and monetary return on account receivables		
	Completed By	6/30/97		
	Responsibility	VPs Claim, Legal, Loss Control/Premium Audit, Fraud Coordinator		
Action		Results	Comp by	Responsibility
1. Measure recovered subrogation/405 savings and future benefits.		up-to-date performance measurement	7/96	VP Claim
2. Review cost/benefit analysis of SIF (cost of assessment to State Fund vs. benefit to customers). Recommendation to President and a plan to address legislative position.		possible legislative support to make assessment more equitable to those insurers funding the SIF program	10/96	VPs Claim, Legal, Finance
3. Evaluate processes used by other State agencies to check assets and collections.		determine performance potential and alternative methods of obtaining improved results	11/96	VP Legal
4. Produce monthly report identifying claims (by adjuster) that have potential subrogation.		increase recoveries	12/96	VP Claim
5. Evaluate need for an RFP to find a company that can research asset potential, etc.		feasibility and desirability for private asset firm determined	1/97	VP Legal

Action	Results	Comp by	Responsibility
A. <i>continued</i> 7. The Fraud Program financial recovery steps are outlined in Quality Customer Service (see pages 33-36).	financial savings to customers	6/97	Fraud Coordinator
8. Include SIF program in agenda for policyholder seminars.	increase program awareness and exposure	6/97	VPs Claim, LC/PA

Short Term (1 year) Goal	B. Perform adequate operational and compliance auditing procedures to ensure internal controls are in place and operating effectively in multiple department exposure areas.			
	Current Performance	<ul style="list-style-type: none"> adequate audit schedule planned audits completed 		
	Performance Goal	complete annual audit schedule on time, to industry quality standards, and standards established by the President		
	Completed By	6/30/97		
	Responsibility	Internal Auditor		
Action		Results	Comp by	Responsibility
1. Perform a review of premium audit vendor compliance with contract provision, review internal quality control procedures, and ensure quality standards were met.		determine effectiveness, compliance with contract provision, and quality	7/96	Internal Auditor
2. Perform a review of Claim Department settlement procedures/controls and compliance with State laws.		determine the effectiveness and compliance with laws, recommend any improvements to department	10/96	Internal Auditor
3. Establish quarterly automated report of key operational ratios to prompt appropriate internal audit activity.		semi-annual program status reports	12/96	VP MIS, Internal Auditor

Action	Results	Comp by	Responsibility
<i>B. continued</i> 4. Perform a review of Underwriting Department procedures/controls for new, existing, and terminated policies management and ensure compliance with State law and progress toward established service standards.	determine effectiveness, compliance with laws, and progress	2/97	Internal Auditor
5. Perform post-implementation review of the BIS claim system controls/procedures and ensure adequate checks and balances are present to preserve database integrity and deter unauthorized use of the system.	determine effectiveness and recommend any improvements to the system	4/97	Internal Auditor
6. Perform a review of new claim management procedures/controls and compliance with State law and progress toward established service standards.	determine effectiveness, compliance with laws, and progress	11/96	Internal Auditor

Short Term (1 year) Goal	C. Perform adequate financial compliance auditing procedures to ensure internal controls are in place and operating effectively over multiple department functions. Test transactions to ensure appropriate payments were made and maximum financial recoveries were achieved.			
	Current Performance	FY96 identified financial recoveries and future savings = \$175,000		
	Performance Goal	complete annual audit schedule on time, to industry and internal quality standards, and achieve a 2:1 financial recovery ratio		
	Completed by	6/30/97		
	Responsibility	Internal Auditor		
Action		Results	Comp by	Responsibility
1. Perform a follow-up review of short term investment management procedures/controls.		ensure compliance with State laws and policies, adequate segregation of duties exists, controls are adequate and operating as designed, and STIP revenues are maximized	8/96	Internal Auditor
2. Perform quarterly reviews of medical transactions to determine if accurate reimbursements were made and internal controls are in place and operating effectively.		ensure accurate reimbursement rates were applied, internal controls were adequate and operating as designed, recommend any improvements	6/97	Internal Auditor
3. Perform a review of the MCO-A report card and related incentive payment program. Determine the reasonableness of the incentive payments made and the methodology used in the program's measurement criteria.		ensure compliance with MCO-A contracts in place for the fiscal year and determine the reasonableness of the incentive payments	6/97	Internal Auditor

Short Term (1 year) Goal	D. Establish plan to track and assess value of allocated claims adjustment expenses to provide greater control over future costs and create appropriate management reports.			
	Current Performance	loss adjustment expenses grouped into miscellaneous category, difficult to track or control. Known allocated expenses are approximately 1% of paid losses.		
	Performance Goal	develop internal cost allocation plan to reduce allocated expenses as a percent of paid loss by 5% from current known.		
	Completed by	6/30/97		
	Responsibility	VP Administration and Finance		
Action		Results	Comp by	Responsibility
1. Identify and review tracking of all allocated loss adjustment expenses.		loss adjustment expenses separately identified in order to manage expenses	7/96	VPs, Claim, Finance
2. Generate monthly reports to manage level of allocated expenses. Report will allow review by management of costs of expenses.		effectively manage loss adjust expenses	9/96	VPs Finance, MIS
3. Improve process of reporting loss adjustment expenses.		improve management reporting of loss adjustment expenses to meet reporting standards	12/96	VP Finance

Short Term (1 year) Goal	E. Develop program to inform the public of November, 1996 general ballot initiative that allows a portion of State Fund assets to be invested in equity securities. Currently, 100% of assets are invested in fixed income securities (government and corporate bonds) subject to market fluctuations. This would allow diversification of invested assets and improve long term rate of return on investments.			
	Current Performance	100% of invested assets in fixed rate securities. FY 96 estimated return on investment is 6.75%. FY 97 estimated return is 6.25%.		
	Performance Goal	portfolio diversity through investment of 10% of invested assets in equity securities for improved return on investment by 5% over current estimate of return.		
	Completed by	1/31/97		
	Responsibility	VP Administration and Finance (Finance), Director Customer Relations/Communications (CR/C)		
	Action	Results	Comp By	Responsibility
	1. Develop information about 11/96 ballot initiative.	information developed to explain initiative	10/96	VP Finance, Director CR/C
	2. Upon passage of initiative, establish plan with Board of Investments to transition a portion of invested assets into equities, to a limit of 10% of total invested assets.	diversified investment portfolio to realize improved return on investment	1/97	VP Finance

Business Environment

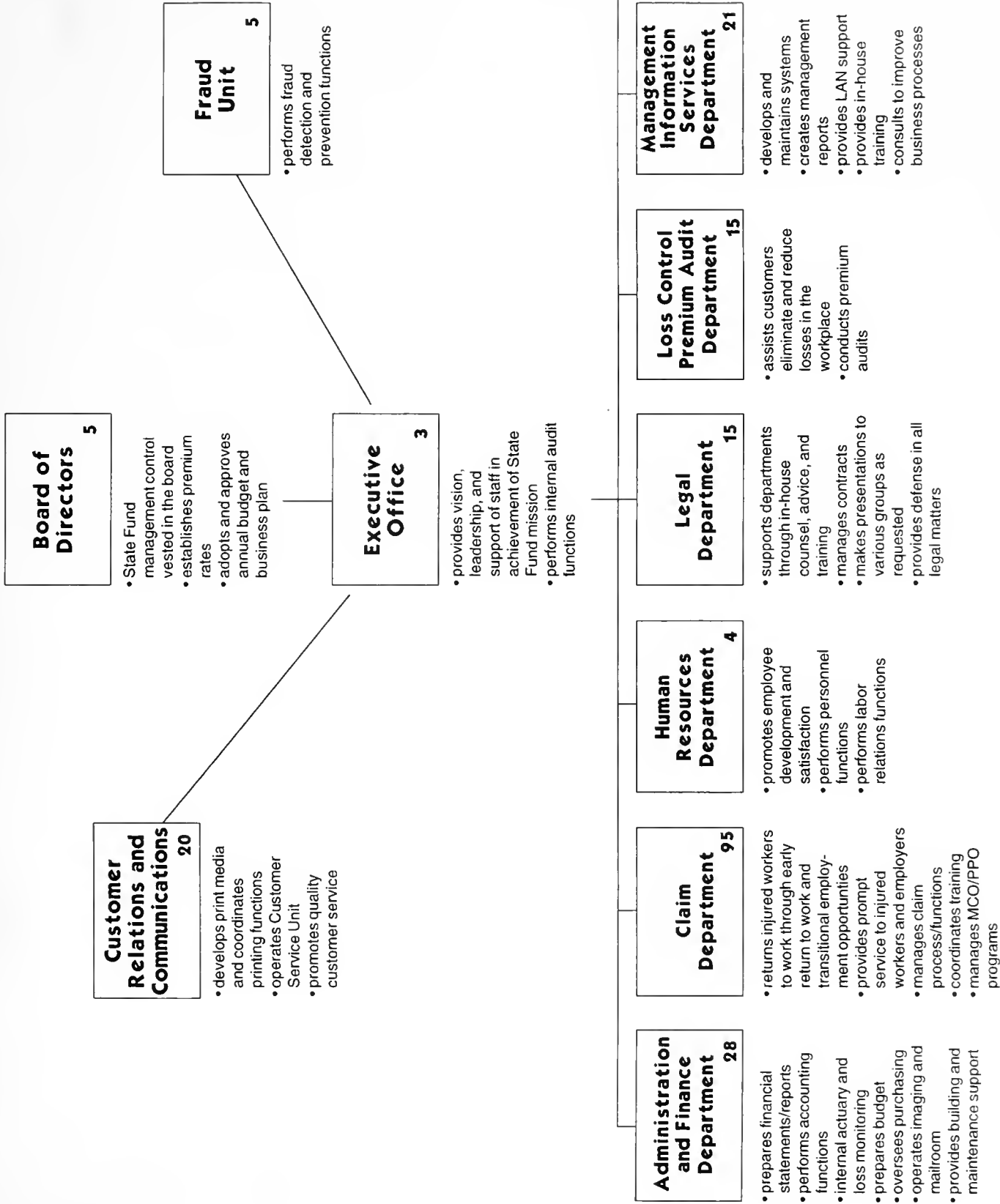
We must continue to make **strategic changes** to our organizational and operational structure in order to provide services that meet our customers needs. Legislative changes are necessary to increase employer responsibility and accountability for worker's compensation. Our goal is to structure an organization that provides the best possible service and is managed with the help of employers—eliminating the potential for liability to the state. We seek to transfer the responsibility of workers' compensation insurance from the government to employers. When employers can become stakeholders, we believe the entire system will benefit.

Interim (2-3 year) Goal	V. Transition into a more competitive, entrepreneurial organization transferring the role of state government in the insurance business to the employers of the state through a self-supporting, employer managed insurance entity. This will ensure there is incentive with employers to control costs through improved safety, loss prevention and managed care systems.	
	Current Performance	operate as a state agency
	Performance Goal	function with the attributes of a domestic mutual insurer, offering a competitive market to benefit all of Montana employers with a choice for insurance, while retaining the residual market function
	Completed by	6/30/98
	Responsibility	Privatization Team

Short Term (1 year) Goal	A. Draft legislation to address privatization options and develop a plan based on legislative direction.				
	Current Performance	state agency with a number of government enforced operational guidelines			
	Performance Goal	reach consensus on proposal and develop implementation plan			
	Completed by	6/30/97			
	Responsibility	Privatization Team and all VPs			
	Action		Results	Comp by	Responsibility
	1. Refine Privatization Proposal based on initial comments and input from legislators, Governor, and Board of Directors.		clear direction established by Board	7/96	Privatization Team
	2. Complete financial projection models to ensure viability of plan.		ensure a financially solvent and competitive State Fund	9/96	Privatization Team and all VPs

Action	Results	Comp by	Responsibility
A. <i>continued</i> 3. Perform in-depth actuarial analysis prior to 1997 session of impacts of legislative benefit level changes from 1987, 1993, and 1995 sessions and continue to review 1991 law changes to properly estimate reserve liability in the Old Fund and the New Fund.	improved estimation of claim liability to be used in analysis presented to the Legislature in support of privatization efforts	10/96	VP Finance
4. Draft legislation for key proposals and recommendation(s).	legislation identified to establish a more independent insurer and eliminating state liability	10/96	Privatization Team
5. Meet with legislators early in session to discuss proposed legislation.	build consensus for plan and become aware of issues and concerns	2/97	Privatization Team
6. Provide testimony to support position and respond to any alternative recommendations.	legislation enacted to create independent state fund	4/97	Privatization Team
7. Evaluate impact of legislation and develop implementation plan for transition to an independently operating insurance organization.	action steps prepared outlining transition to independent insurance provider.	5/97	all VPs
8. Implement portion of plan necessary to begin operation of an independent organization.	action steps	6/97	all VPs

Short Term (1 year) Goal	B. Draft legislation for issues, other than privatization, that are relevant to operations.			
	Current Performance	needs addressed, legislation drafted, and pursued before legislature		
	Performance Goal	legislation passed which meets needs		
	Completed by	6/30/97		
	Responsibility	VP Legal in cooperation with all VPs		
Action		Results	Comp by	Responsibility
1. Identify and analyze needs. Secure President/Board approval.		clear direction established	9/96	VP Legal
2. Draft legislation based on needs analysis.		identify options and prepare for legislature	10/96	VP Legal
3. Meet with legislators early in session to discuss proposed legislation.		uncover issues and concerns	2/97	VP Legal
4. Provide testimony, based on legislative direction, to support position and respond to any alternative recommendations.		appropriate legislation passed	4/97	VP Legal
5. Consider impact of legislation and develop implementation plan.		action steps	6/97	all VPs



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